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C O N F I D E N T I A L SECTION 01 OF 02 MINSK 000993

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TAGS: PGOV ECON PINR BO

SUBJECT: NATIONAL BANK CHAIR MAY SUCCEED SIDORSKIY AS PM

Ref: A) Minsk 003

B) Minsk 915

Classified By: Charge Jonathan Moore for reason 1.4 (d).

Summary

¶1. (C) While talk of the imminent sacking of Belarusian Premier Sergey Sidorskiy has circulated for some time, rumors are increasing regarding one likely successor, Chairman of the Board of the National Bank of Belarus Pyotr Prokopovich. A civil engineer by training, Prokopovich is a long-time member of Aleksandr Lukashenko's inner circle. He combines a degree of professionalism, with management skills, a lack of ambition and fierce loyalty to Lukashenko -- an array of traits that could make him an ideal head of government in the dictator's eyes, particularly as Belarus faces economic challenges in the months to come. Biographical information on Prokopovich is included in paragraphs 5-7 below. End summary.

Rumors Increasingly Circle Around Prokopovich

¶2. (C) Since the January 2007 price increase for Russian gas (ref A), rumors have circulated in Minsk that Aleksandr Lukashenko was about to dismiss Premier Sergey Sidorskiy. Lately, however, these rumors have developed and now increasingly include discussion of a likely successor, the Chairman of the Board of the National Bank of Belarus, Pyotr Prokopovich. Recently, independent political analyst Vitaliy Silitskiy of the Belarus Institute of Strategic Studies told the DCM that if and when Lukashenko decided to dismiss his government, he was likely to turn to Prokopovich as a successor. Silitskiy confided to the DCM that the National Bank head is known for having a modicum of economic skills -- primarily as proven by his ability to find money for Lukashenko when the dictator needs it.

¶3. (C) Vladimir Podgol, an opposition figure who analyzes Lukashenko's media appearances (and produces compilations of his "greatest hits"), told Pol/Econ Chief that Prokopovich had taken an unusually active role in a November session of the Cabinet of Ministers, and had been quite critical of certain GOB economic policies. According to Podgol, the fact that Lukashenko had not criticized Prokopovich immediately could be interpreted as a sign that Prokopovich's interventions had Lukashenko's support. Moreover, Podgol said that Prokopovich was immersing himself in the details of economic laws and regulations and that Lukashenko's eventual nomination of Prokopovich could be a sign that the dictator was prepared to yield to market realities and to begin to reform the Belarusian economy.

¶4. (C) Igor Pelipas, Director of Research for the independent Institute for Privatization and Management, also agreed that a change of government might be in the cards in Belarus. He said that Lukashenko's recent statements calling nine per cent GDP growth insufficient, and demanding the government reach eleven per cent growth, looked like an attempt to task Sidorskiy with the impossible, as a prelude to sacking him. Pelipas noted, however, that while a change of government often signaled a change of course in policy, he was by no means convinced that Lukashenko was ready for that.

Like Lukashenko, Prokopovich is a Soviet Belarusian

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¶5. (C) Like the dictator's (ref B), Pyotr Petrovich Prokopovich's biography is both Soviet and Belarusian. Born in Rovno, Brest Oblast, in 1942, Prokopovich graduated from the Dnepropetrovsk Institute of Engineering and Construction in 1966 with a degree in civil engineering. He started working as a mason and quickly rose to the top of his firm, and later to the leadership of a large Soviet construction conglomerate, working in the Sverdlovsk Oblast in Russia, in Kazakhstan, and ultimately in his native Belarus. Prokopovich served in numerous local Soviet legislatures as well as in the Twelfth Supreme Soviet of the Belarusian Soviet Socialist Republic (1990-1995).

¶6. (C) Prokopovich was head of Brest Oblast's Planning and Construction Association from 1976 to 1996. At the national level, his executive experience includes stints as Deputy Head of Lukashenko's Presidential Administration (1996) and as First Deputy Premier of Belarus with an economic/social development portfolio (1996-98). He is one

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of the few men who can command Lukashenko's attention, and, for his part, Prokopovich has been a loyal financier and ideologue for the regime. In his first interview after being named Central Bank Chair in 1998, Prokopovich stated unequivocally that job number one for the Central Bank, Belarus' credit and monetary policies and for the entire Belarusian banking sector was the achievement of Lukashenko's "Program for Economic and Social Development by the Year 2000." Prokopovich is married, and the father of two.

Prokopovich Q The Ideal Deputy

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¶7. (C) In describing Prokopovich, Vladimir Podgol said that he was hard working, free of ambition, and extremely loyal to Lukashenko, in short, "the ideal deputy." Igor Pelipas told Pol/Econ Chief that when Prokopovich was named Head of the National Bank of Belarus he was the butt of jokes from bankers and economists, and little was expected of him. According to Pelipas, Prokopovich's leadership at the Central Bank has been positive. He opined that perhaps Prokopovich's success there was due to the fact that he had hired young, talented staff and let them do their jobs. Pelipas warned, however, that Prokopovich's success as a central banker might not be entirely applicable to future work as head of government.

Comment

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¶8. (C) Discussion of Prokopovich indicates the regime's unease with the current economic situation while confirming the lack of interest in any political reforms. In a land where fates are decided according to the caprice of an authoritarian peasant, predicting political decisions is less than science. With Russian gas prices set to jump again after January 1, 2008, and the coldest part of winter ahead, the thought that Lukashenko might dismiss Sergey

Sidorskiy sometime early in 2008 seems eminently plausible. Similarly, with fat Russian hydrocarbon subsidies a thing of the past and personal loyalty to Lukashenko being today's defining political virtue here, the nomination of a loyalist with monetary policy skills as head of government also seems quite plausible. That said, like Pelipas, we are less than convinced that either a change of government or an eventual Prokopovich premiership will signal real economic reform.

Moore